



The 2008 ETS Addressing
Achievement Gaps Symposium

School Finance and
the Achievement Gap:
**Funding Programs
That Work**



Do Policymakers Get it?

School Finance and the Achievement Gap

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Education Commission of the States

- The only nationwide, nonpartisan interstate compact devoted to education
- Founded in 1965 to enlighten, equip and engage education policymakers
- 53 member states, territories and the District of Columbia
- Web site: www.ecs.org

Overview

1. Do policymakers get it?
2. If so, why are they not making changes?
3. State examples: California & New York
4. What states are looking at changes?

Do Policymakers Get it?

- Policymakers recognize that there is a disconnect between education goals and spending.
 - Some believe that minor changes need to be made.
 - Others feel that the whole funding system needs to be replaced.
 - Some believe that public education is broken in general.

Why Are Changes Not Made:

- No clear answer about what changes are needed
- Major changes are not often made
- The current economic situation creates problems
- No new funding results in winners and losers
- Many states have constitutional issues that make changes difficult.

No Clear Answer About What Changes Are Needed

- Policymakers become frustrated when they can't get a “clear answer” about what needs too be done to fix the system.
 - We know what a high-quality mile of road costs but we cannot agree on the cost of a quality education.
- Other government programs/projects are defined by the Input-Production-Outcome model but this system does not apply to public education.

New Funding Systems Are Not Common

- States tend to overhaul their school funding systems once every 20 years (2 to 3 states a year).
- Most major school funding overhauls are a result of either litigation, taxpayer revolts or a large influx in funding.

The Current Economic Situation Creates Problems

- The majority of states are struggling with their budgets.
- While most states are keeping education spending flat, some are actually making cuts
- Any solution to closing the achievement gap will have to be either low cost or no cost.

What Low Cost/No Cost Options Exist for Policymakers

- Conduct a review of state and district education budgets, looking for efficiencies.
- Promote the idea of school district purchasing cooperatives.
- Encourage districts to work together to educate high-need special education students.
- Streamline the state's funding system with an eye toward efficiency.

No New Funding Results in Winners and Losers

- When a new distribution system is created without new funding some district will receive less funding in the new system than in the old system
- Some states use a hold-harmless provision to ensure no district receives less under the new formula than they did under the old formula.
 - The use of a hold-harmless provision often negates many of the goals of a new funding system.

State and Constitutional Issues

- Some states have provisions in their constitution that limit state revenue.
- Other states have provisions in their constitution or court rulings that may prevent making certain changes to the education system.

A State Example - California

- California has between 80 & 113 different categorical programs – depending on how an individual categorical program is defined.
- Approximately 30 new programs have been added in the last 12 years.
- Categorical funds now account for approximately 40% of state education spending.

Categorical Programs In California

Funded at \$10 million or above

(2007-08)

- Special Education
- Class size reduction (K-3)
- Child care & development
- Targeted instruction block grant
- Economic Impact Aid
- Adult Education
- Prop 49 After-School program
- Regional Occupation Centers
- Library Improvement block grant
- Summer School
- Instructional material
- Professional Development block grant
- Quality Education Investment Act
- Pupil transportation
- High school counseling
- Deferred maintenance
- Charter school categorical program
- Child nutrition
- Teacher credentialing block grant
- Arts & Music block grant
- Class size reduction (grade 9)
- School safety block grant
- Pupil retention block grant
- Year-round education grant
- Student assessment
- California high school exit exam
- English learners
- Cal-SAFE program
- Professional development for math and reading
- Gifted & talented
- Community day schools
- High priority schools
- Instructional support
- Partnership academies
- Foster youth services
- Tobacco use prevention education
- Education technology
- School safety consolidation competitive grant
- Fiscal Crisis & Management Assistance Team
- Early mental health
- Apprenticeship program
- Certificated staff mentoring program
- County office of Ed. Williams settlement audits
- K-12 high speed network

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A State Example - New York

- Starting with the 2007-08 budget, the state consolidated 31 categorical programs down to a new foundation aid program.
- Districts that receive a foundation aid increase of greater than 10% or \$15 million must develop a “Contract for Excellence” (56 districts out of 698).
- Even with this consolidation, the state continues to have over 90 categorical funding programs.

Which States Are Considering Making Changes

- New Hampshire
- Pennsylvania
- Rhode Island
- Delaware

Questions or Comments?

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